

**APEX RESOURCES INC.**  
(an exploration stage company)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

The accompanying condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim financial statements.

# APEX RESOURCES INC.

(an exploration stage company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

	September 30, 2018 (unaudited)	December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 253,271	\$ 254,183
Receivables	14,616	10,558
Prepaid expenses	3,558	3,859
Short-term investments (Note 5)	400,667	346,167
<b>Total current assets</b>	<b>672,112</b>	<b>614,767</b>
Exploration and evaluation assets (Note 4)	2,641,786	2,869,157
Credit card deposit (Note 6)	17,250	17,250
Reclamation deposits	15,120	15,120
<b>Total assets</b>	<b>\$ 3,346,268</b>	<b>\$ 3,516,294</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 48,525	\$ 56,338
Accounts payable to related parties (Note 9)	4,575	2,805
<b>Total liabilities</b>	<b>53,100</b>	<b>59,143</b>
<b>Equity</b>		
Share capital (Note 7)	22,938,534	22,918,534
Warrants reserve (Note 7)	429,049	429,049
Share-based payments reserve (Note 7)	3,620,692	3,620,692
Deficit	(23,695,107)	(23,511,124)
<b>Total equity</b>	<b>3,293,168</b>	<b>3,457,151</b>
<b>Total liabilities and equity</b>	<b>\$ 3,346,268</b>	<b>\$ 3,516,294</b>

Going concern (Note 2b)

Subsequent Event (Note 12)

Approved on Behalf of the Board:

*/s/ "Arthur G. Troup"*

Arthur G. Troup, Director

*/s/ "Robin Merrifield"*

Robin Merrifield, Director

## APEX RESOURCES INC.

(an exploration stage company)

Condensed Interim Statements of Operations and Comprehensive Income (Loss)

(Unaudited) (Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Expenses</b>				
Exploration expenses	\$ 3,288	\$ -	\$ 3,288	\$ -
Filing and listing fees	-	-	5,200	-
Insurance	950	950	2,850	2,450
Interest and other	139	136	790	455
Legal, accounting and audit	3,224	6,565	25,619	21,356
Meals and entertainment	3,198	-	5,502	1,158
Office and administration	8,510	7,667	26,578	19,286
Salaries and benefits (Note 9)	45,000	45,000	136,201	136,171
Shareholder communications (Note 9)	30,465	37,091	124,336	112,362
Share-based payments	-	-	-	147,660
Travel and conferences	-	11	694	129
	<b>94,774</b>	<b>97,420</b>	<b>331,058</b>	<b>441,026</b>
<b>Loss before other items</b>	<b>(94,774)</b>	<b>(97,420)</b>	<b>(331,058)</b>	<b>(441,026)</b>
Interest income	1,043	286	2,575	899
Mineral property option income (Note 4(a))	310,000	-	310,000	-
Unrealized gain (loss) on investments (Note 5)	(71,500)	(142,417)	(165,500)	111,749
<b>Net and comprehensive income (loss)</b>	<b>\$ 144,769</b>	<b>\$ (239,551)</b>	<b>\$ (183,983)</b>	<b>\$ (328,378)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>14,177,214</b>	<b>13,935,910</b>	<b>14,024,833</b>	<b>13,906,335</b>

## APEX RESOURCES INC.

(an exploration stage company)

Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited) (Expressed in Canadian dollars)

	Common Shares Without Par Value		Warrants Reserve	Share-based Payments Reserve	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance, December 31, 2016	13,827,214	\$ 22,902,034	\$ 429,049	\$ 3,505,692	\$ (23,439,730)	\$ 3,397,045
Share issued for mineral properties	150,000	16,500	—	—	—	16,500
Share-based payments	—	—	—	147,660	—	147,660
Comprehensive loss for the period	—	—	—	—	(328,378)	(328,378)
Balance, September 30, 2017	13,977,214	\$ 22,918,534	\$ 429,049	\$ 3,653,352	\$ (23,768,108)	\$ 3,232,827
Balance, December 31, 2017	13,977,214	\$ 22,918,534	\$ 429,049	\$ 3,620,692	\$ (23,511,124)	\$ 3,457,151
Shares issued for mineral properties (Note 4)	200,000	20,000	—	—	—	20,000
Comprehensive loss for the period	—	—	—	—	(183,983)	(183,983)
Balance, September 30, 2018	14,177,214	\$ 22,938,534	\$ 429,049	\$ 3,620,692	\$ (23,695,107)	\$ 3,293,168

The accompanying notes form an integral part of these financial statements.

# APEX RESOURCES INC.

(an exploration stage company)

Condensed Interim Statements of Cash Flows

(Unaudited) (Expressed in Canadian dollars)

	Nine months ended September 30,	
	2018	2017
<b>Operating activities</b>		
Net loss	\$ (183,983)	\$ (328,378)
Less:		
Mineral property option investment income	(310,000)	-
Items not involving cash:		
Share-based payments	-	147,660
Unrealized loss (gain) on investments	165,500	(111,749)
Changes in non-cash operating working capital		
Receivables	(4,058)	(5,726)
Prepaid expenses	301	(364)
Accounts payable and accrued liabilities	(7,738)	28,305
Accounts payable to related parties	1,695	(1,145)
<b>Cash used in operating activities</b>	<b>(338,283)</b>	<b>(271,397)</b>
<b>Investing</b>		
Mineral property acquisition, exploration and evaluation costs	(202,629)	(229,317)
Mineral property option payments received	700,000	345,000
Short-term investments in GICs redeemed (purchased)	(160,000)	140,000
<b>Cash (used in) provided by investing activities</b>	<b>337,371</b>	<b>255,683</b>
Increase (decrease) in cash during the period	(912)	(15,715)
Cash, beginning of period	254,183	19,026
Cash, end of period	\$ 253,271	\$ 3,311
<b>Supplemental information</b>		
Interest paid	\$ -	\$ -
Interest received	2,575	899
Shares issued under mineral property option agreements	20,000	16,500
Shares received as mineral property option payments	60,000	-
Income tax paid	-	-

# APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

Three months and nine months ended September 30, 2018

(Unaudited) (Expressed in Canadian dollars)

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## 1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Apex Resources Inc. (the "Company" or "Apex"), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX-V") and trading under the symbol APX. The Company changed its name from Sultan Minerals Inc. to Apex Resources Inc. on July 15, 2016. The address of the Company's corporate office and its principal place of business is 1066 West Hastings Street, Suite 2000, Vancouver, British Columbia, Canada.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The amounts shown as mineral properties and related capitalized exploration costs represent costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Certain disclosures included in the audited annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB have been condensed or omitted. These condensed interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements. Accordingly, these unaudited condensed interim financial statements should be read in conjunction with the Company's December 31, 2017 audited financial statements.

The financial statements were authorized for issuance by the Board of Directors on November 29, 2018.

### b) Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$23,695,107 at September 30, 2018, which has been funded primarily by issuance of shares. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

### c) Measurement Basis

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3 of the audited financial statements for the year ended December 31, 2017. All amounts are expressed in Canadian dollars unless otherwise stated.

# APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

Three months and nine months ended September 30, 2018

(Unaudited) (Expressed in Canadian dollars)

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## 2. BASIS OF PREPARATION (CONTINUED)

### d) Use of Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the years reported. Significant areas requiring the use of management estimates include the determination of impairment of exploration and evaluation assets, decommissioning liabilities, deferred income tax assets and liabilities, and assumptions used in valuing options and warrants in share-based compensation calculations. Actual results could differ from these estimates.

## 3. RECENT ACCOUNTING PRONOUNCEMENTS

### New Accounting Standards Adopted Effective January 1, 2018

- *IFRS 9 Financial Instruments*: The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments. The Company has assessed the classification and measurement of its financial assets and financial liabilities in accordance with the new measurement categories under IFRS 9. Classification and measurement of the Company’s assets and liabilities remained the same.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The Company designated its short-term investments as financial assets at fair value through profit or loss (“FVTPL”). The Company previously measured its short-term investments at FVTPL, therefore there was no impact on adoption of IFRS 9. These investments continue to be initially recorded at fair value, with subsequent changes being recognized in profit or loss.

- *IFRS 7 Financial Instruments – Disclosure* IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. Adoption of this standard did not have a significant impact on the Company’s condensed interim financial statements.
- *IFRS 15 Revenue from Contracts with Customers*: IFRS 15 provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more informative and relevant information. Adoption of this standard did not have a significant impact on the Company’s condensed interim financial statements.
- *Other narrow scope amendments/interpretations*: The Company has adopted narrow scope amendments/interpretations to IFRIC 22 *Foreign Currency Transactions and Advance Consideration*, IFRS 2 *Share Based Payments* and IAS 1 *Presentation of Financial Statements*, which did not have an impact on the Company’s condensed interim financial statements.

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Notes to financial statements

Three months and nine months ended September 30, 2018

(Unaudited) (Expressed in Canadian dollars)

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## **3. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

### **Accounting Standards and Amendments Issued but Not yet Effective**

- IFRS 16 *Leases*: IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

The Company has not early adopted IFRS 16 and anticipates that the application of this standard will not have a material impact on the financial position and financial performance of the Company.



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Notes to financial statements

Three months and nine months ended September 30, 2018

(Unaudited) (Expressed in Canadian dollars)

## 4. EXPLORATION AND EVALUATION ASSETS

Expenditures on interests in mineral properties are considered exploration and evaluation assets.

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY AND EMERALD PROPERTIES, BRITISH COLUMBIA	GOLDEN TRIANGLE PROPERTY, BRITISH COLUMBIA	RED RIDGE PROPERTY, YUKON	MOUNT ANDERSON PROPERTY, YUKON	TOTAL 2018
<b>Acquisition costs</b>						
As at December 31, 2017	\$ 8,051	\$ –	\$ 78,914	\$ 40,500	\$ 33,200	\$ 160,665
Incurred during the period	–	–	–	–	60,000	60,000
As at September 30, 2018	8,051	–	78,914	40,500	93,200	220,665
<b>Exploration and evaluation costs</b>						
Incurred during the period						
Site activities	–	–	–	–	–	–
Geological and geophysical	–	–	1,222	9,564	151,843	162,629
Assays and analysis	–	–	–	–	–	–
Option proceeds	–	(450,000)	–	–	–	(450,000)
	–	(450,000)	1,222	9,564	151,843	(287,371)
As at December 31, 2017	–	2,460,000	136,455	79,741	32,296	2,708,492
As at September 30, 2018	–	2,010,000	137,676	89,305	184,139	2,421,120
<b>Balance, September 30, 2018</b>	<b>\$ 8,051</b>	<b>\$ 2,010,000</b>	<b>\$ 216,591</b>	<b>\$ 129,805</b>	<b>\$ 277,339</b>	<b>\$ 2,641,786</b>

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Notes to financial statements

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(Unaudited) (Expressed in Canadian dollars)

## 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY AND EMERALD PROPERTIES, BRITISH COLUMBIA	GOLDEN TRIANGLE PROPERTY, BRITISH COLUMBIA	RED RIDGE PROPERTY, YUKON	MOUNT ANDERSON PROPERTY, YUKON	TOTAL 2017
<b>Acquisition costs</b>						
As at December 31, 2016	\$ 8,051	\$ –	\$ 74,500	\$ 16,000	\$ –	\$ 98,551
Acquisition incurred during the year	–	–	4,414	24,500	33,200	62,114
As at December 31, 2017	8,051	–	78,914	40,500	33,200	160,665
<b>Exploration and evaluation costs</b>						
Incurred during the year						
Site activities	–	–	3,490	–	–	3,490
Geological and geophysical	–	–	91,018	76,249	32,296	199,563
Assays and analysis	–	–	–	–	–	–
Option proceeds	–	(495,000)	–	–	–	(495,000)
	–	(495,000)	94,508	76,249	32,296	(291,947)
As at December 31, 2016	–	2,955,000	41,947	3,492	–	3,000,439
As at December 31, 2017	–	2,460,000	136,455	79,741	32,296	2,708,492
<b>Balance, December 31, 2017</b>	<b>\$ 8,051</b>	<b>\$ 2,460,000</b>	<b>\$ 215,369</b>	<b>\$ 120,241</b>	<b>\$ 65,496</b>	<b>\$ 2,869,157</b>

# APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

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(Unaudited) (Expressed in Canadian dollars)

## 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

### a) Kena Property, Ymir, British Columbia, Canada

The Kena Property is comprised of the original Kena claims and additional properties under option. The properties are contiguous. Kena property is located near the community of Ymir in southeastern British Columbia.

During September 2016, the Company entered into an agreement with 1994854 Alberta Ltd. to option out 80% interest in Kena Property owned by Apex. The Kena Option Out agreement (the "Option Out") was approved by the TSXV on October 3, 2016 (the "Effective Date"). In April 2017, 1994854 Alberta Ltd. merged with Prize Mining Corporation ("Prize"), a publicly-traded company listed on the TSX-V and all references are now made to Prize as the optionee. A gain was recorded in financial statements for the year ended December 31, 2016 from Option Out proceeds as summarized below.

Kena accumulated acquisition, exploration and evaluation costs as of December 31, 2014	\$	2,789,077
Less: impairment recorded in fiscal 2015		(2,748,819)
Book value of Kena prior to Option Out		40,258
Less: 80% book value Option Out		(32,207)
Book value of Kena, December 31, 2016	\$	8,051
Cash proceeds received on Option Out	\$	500,000
Value of shares received on Option Out		1
Total proceeds		500,001
Less: 80% book value Option Out		(32,207)
Gain on sale recorded in fiscal 2016 on Kena Option Out	\$	467,794
Cash proceeds received on Option Out	\$	250,000
Value of shares received on Option Out		108,750
Gain in fiscal 2017 on Kena Option Out	\$	358,750
Cash proceeds received on Option Out	\$	250,000
Value of shares received on Option Out		60,000
Gain in fiscal 2018 on Kena Option Out	\$	310,000

Under the terms of the Option Out agreement, to exercise the option and earn its 80% interest in the project, Prize will:

- make the following cash payments to the Company:

- (A) within 5 business days from the Effective Date, \$500,000 (received);
- (B) within twelve months from the Effective Date, an additional \$250,000 (received);
- (C) within twenty-four months from the Effective Date, an additional \$250,000 (received); and
- (D) within thirty-six months from the Effective Date, an additional \$250,000;

for total cash option payments of \$1,250,000; and

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Notes to financial statements

Three months and nine months ended September 30, 2018

(Unaudited) (Expressed in Canadian dollars)

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## 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

### a) Kena Property, Ymir, British Columbia, Canada (continued)

- issue common shares of Prize to the Company as follows:
  - (A) within 5 business days from the Effective Date, 375,000 shares (received, Note 5 (b));
  - (B) within twelve months from the Effective Date, an additional 375,000 shares (received, Note 5 (b));
  - (C) within twenty-four months from the Effective Date, an additional 375,000 shares (received, Note 5(b)); and
  - (D) within thirty-six months from the Effective Date, an additional 375,000 shares;

for a total of 1,500,000 shares;

- incur exploration expense as follows:
  - (A) within twelve months from the Effective Date, \$100,000 (completed);
  - (B) within twenty-four months from the Effective Date, an additional \$400,000 (completed);
  - (C) within thirty-six months from the Effective Date, an additional \$1,000,000; and
  - (D) within forty-eight months from the Effective Date, an additional \$1,500,000;

for total exploration expenditures of \$3,000,000.

After Prize has earned its 80% interest in the project, Prize has a second option to earn and acquire up to an additional 20% undivided interest in the project by making a \$2 million cash payment to Apex and granting a 1% net smelter returns royalty to the Company.

### b) Jersey and Emerald Properties, Salmo, British Columbia, Canada

The Company holds a 100% interest in the Jersey Claim Group located near Salmo, British Columbia. The property is comprised of the original 28 crown granted mineral claims, four 2-post claims and 80 mineral units acquired by option in 1993 and several additional properties acquired by staking or by option. Additional claims forming part of the properties include the Tungsten King Prospect consisting of 14 crown-granted mineral claims, the Truman Hill and Leroy North properties consisting of 17 mineral units, the Summit Gold Property consisting of 4 mineral units and 1 reverted crown grant, the Jumbo 2 and Boncher crown grants, the Invincible Tungsten Mine Tenure Number 2345, the Victory Tungsten Property consisting of 6 reverted crown grants, the Aspen Silver Mine comprised of 7 mineral claims, and approximately 10,000 hectares of adjacent staked mineral tenures.

The property is subject to various NSR's associated with the various claims. In particular, the Jersey property is subject to a 3.0% NSR that can be reduced to 1.5% by making payments of \$500,000 and issuing 50,000 common shares. Annual advance royalty payments of \$50,000 were to commence in October 2000. The agreement was amended in October 2000, 2004, 2009, and May 2009 extending the commencement of these royalty payments to October 20, 2013. The first annual royalty payment was paid by the Company. Subsequent royalty payments became the responsibility of Margaux Resources Ltd. ("Margaux") upon Margaux entering the option agreement as described below.

In 2013, the Company entered into an option agreement with Margaux to option its 100% interest in the Jersey and Emerald Properties (excluding the Garnet, HB, and HB2 Lead-Zinc Property) for total proceeds of \$4,020,000. The payment terms under the agreement was amended on various dates during 2015 and 2016, and on February 13, 2018. Under the payment terms of the amended agreement, to exercise the Option and earn its 100% interest in the project, Margaux will:

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(Unaudited) (Expressed in Canadian dollars)

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### 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

#### b) Jersey and Emerald Properties, Salmo, British Columbia, Canada (continued)

- make the following cash payments to the Company:
  - (A) deposit of \$50,000 (received);
  - (B) on or before January 24, 2014, \$100,000 (received);
  - (C) on or before January 24, 2014, \$350,000 (received);
  - (D) on or before November 8, 2014, \$400,000 (received);
  - (E) on or before February 22, 2016, \$10,000 (received);
  - (F) \$15,000 per month commencing April 1, 2016 for a period of 12 months (received);
  - (G) \$50,000 per month commencing April 1, 2017 for a period of 21 months (\$900,000 received). Provided that Margaux is successful in raising an additional \$1,500,00 in cash, Margaux will pay \$75,000 per month until December 31, 2018; and
  - (H) \$100,000 per month commencing January 1, 2019 until a total of \$4,020,000 has been paid.
- incur aggregate exploration expenditures on or before November 8, 2016 of \$2,000,000 (completed).

Apex will retain a 1.5% net smelter returns royalty ("NSR") on the property. For a period of 60 days following the earlier of (a) the commencement of commercial production on the Property or (b) the completion of a feasibility study on the Property, Margaux may purchase 50% of the NSR (being a 0.75% net smelter returns royalty) from Apex for a payment to Apex of \$5,000,000.

Pursuant to the Option Agreement, Margaux will assume all existing royalties on the Property.

The Company received notice from Margaux that Margaux has elected to terminate the option effective October 1, 2018.

#### c) Golden Triangle Property, British Columbia

On August 23, 2016, the Company entered into an agreement to option a 100% interest in Golden Triangle Property. Under the terms of the agreement, to exercise the Option and earn its 100% interest in the Project, the Company will:

- make the following cash payments:
  - (A) \$5,000 non-refundable deposit on August 23, 2016 (paid);
  - (B) \$35,000 on TSX Venture Exchange approval (paid)
- issue common shares:
  - (A) 300,000 shares of the Company on TSX Venture Exchange approval (issued)
- make the following net smelter return (NSR) royalty payment:
  - (A) during the royalty period, the Company shall pay 2.0% NSR royalty.

Apex may within 240 days of commercial production redeem and purchase the interest and rights to receive the NSR royalty for a one-time payment of \$1 million dollar for 1%, leaving 1% of the NSR royalty.

During the year ended December 31, 2017, the Company acquired additional claims in Golden Triangle Area for a cash payment of \$1,000.

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(Unaudited) (Expressed in Canadian dollars)

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## 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

### d) Red Ridge Property, Whitehorse Mining District, Yukon

On September 9, 2016, the Company entered into an option agreement, which gives Apex the right to earn a 100% undivided interest in the Red Ridge Property, Whitehorse Mining District, Yukon. Regulatory approval was received on September 14, 2016. On September 13, 2018, the agreement was amended to extend the terms of the cash and share payments and annual work commitments. Under the terms of the amended agreement, to exercise the option and earn its 100% interest, the Company will make a payment of \$150,000 and issue 500,000 shares over four years as set out below:

- make the following cash payments:
  - (A) \$5,000 on signing (paid)
  - (B) \$5,000 on regulatory approval (paid)
  - (C) \$20,000 before the end of one year following regulatory approval (paid)
  - (D) \$30,000 before the end of three years following regulatory approval
  - (E) \$40,000 before the end of four years following regulatory approval
  - (F) \$50,000 before the end of five years following regulatory approval
- issue common shares:
  - (A) 50,000 shares upon regulatory approval (issued)
  - (B) 50,000 shares before the end of one year following regulatory approval (issued)
  - (C) 100,000 shares before the end of three years following regulatory approval
  - (D) 100,000 shares before the end of four years following regulatory approval
  - (E) 200,000 shares before the end of five years following regulatory approval
- complete annual work commitment:
  - (A) \$30,000 within 12 months following regulatory approval (completed)
  - (B) additional \$75,000 within 36 months following regulatory approval
  - (C) additional \$125,000 within 48 months following regulatory approval
  - (D) additional \$200,000 within 60 months following regulatory approval
- make the following net smelter return (NSR) royalty payment:
  - (A) the Company shall pay 2.0% NSR royalty from the production of gold, silver and other metals provided that the Company shall have the right to purchase 50% of the net smelter return of \$1,000,000 exercisable within 90 days after commencement of commercial production.

### e) Mount Anderson Property, Whitehorse Mining District, Yukon

In February 2017, the Company entered into an Option Agreement to earn 100% undivided interest in the Mount Anderson Property, Whitehorse Mining District, Yukon. Pursuant to the current option agreement, the Company can exercise the option by paying an aggregate of \$300,000 to the Optionors, issuing an aggregate of 1,000,000 common shares in the capital of the Company, and incurring an aggregate of \$385,000 of exploration expenditures as follows:

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(Unaudited) (Expressed in Canadian dollars)

### 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

e) Mount Anderson Property, Whitehorse Mining District, Yukon (continued)

	CASH PAYMENTS	SHARES	WORK COMMITMENT
Upon Signing (paid)	\$10,000	-	-
Upon Regulatory Approval (paid and issued)	\$10,000	100,000	-
At end of 12 months (paid, issued, incurred)	\$20,000	200,000	\$35,000
At end of 18 months (paid)	\$20,000	-	-
At end of 24 months	\$40,000	300,000	\$100,000
At end of 30 months	\$40,000	-	-
At end of 36 months	\$80,000	400,000	\$250,000
At end of 42 months	\$80,000	-	-
<b>Total</b>	<b>\$300,000</b>	<b>1,000,000</b>	<b>\$385,000</b>

The Optionors are entitled to receive a 2% NSR, half of which can be purchased within 90 days after Commencement of Commercial Production by the Company for \$1,000,000. The Optionors also retain a 5% gross over-riding royalty on any high-grade bulk samples processed prior to Commercial Production.

### 5. SHORT-TERM INVESTMENTS

Short-term investments are summarized as follows:

		Number of Shares	Historical Cost	Fair Value September 30, 2018	Fair Value December 31, 2017
Altair Resources Inc.	a)	33,333	\$ 257,500	\$ 2,667	\$ 10,667
GICs		-	\$ 263,000	\$ 263,000	\$ 103,000
Prize Mining Corporation	b)	1,125,000	\$ 168,751	\$ 135,000	\$ 232,500
<b>Total Investments</b>		-	\$ 689,251	\$ 400,667	\$ 346,167

These investments are classified as fair value though profit or loss and measured at fair value with fair value gains and losses recognized in income.

- During the period ended September 30, 2018, Altair Gold Inc. completed a 4:1 share consolidation, which resulted in an adjustment to the number of shares held by the Company from 133,333 common shares previously held to 33,333 common shares effective September 28, 2018. During the period ended September 30, 2018, the Company recorded a loss of \$8,000 (September 30, 2017 - loss of \$12,000) with respect to these shares.
- In fiscal 2016, the Company entered into an agreement with 1994854 Alberta Ltd. under which, the Company received 375,000 common shares of 1994854 Alberta Ltd. (Note 4 (a)). In April 2017, 1994854 Alberta Ltd. completed a share-for-share exchange with Prize Mining Corporation ("Prize"), whereby the Company received 375,000 shares of Prize, a publicly-traded company. During the year ended December 31, 2017, the Company received an additional 375,000 shares of Prize Mining. The fair value of the shares on October 4, 2017 was \$108,750. On September 20, 2018, the Company received an additional 375,000 shares of Prize in accordance with the terms of the Kena Property Option Agreement (Note 4 (a)) with the fair value of \$60,000. During the period ended September 30, 2018, the Company recognized a loss of \$157,500 (September 30, 2017 - gain of \$123,749) in connection with these shares.

## APEX RESOURCES INC.

(an exploration stage company)

Notes to financial statements

Three months and nine months ended September 30, 2018

(Unaudited) (Expressed in Canadian dollars)

### 6. CREDIT CARD DEPOSIT

The amount of \$17,250 at September 30, 2018 (December 31, 2017 - \$17,250) represents a three-year guaranteed investment certificate with interest at prime minus 2.60% (December 31, 2017 – 2.05%), held by the bank as security for the Company's credit card usage and is classified as restricted cash.

### 7. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued and outstanding:

See Statements of Changes in Shareholders' Equity.

(c) Stock options

The Company has a stock option plan which allows for the grant of options to purchase up to 2,039,017 common shares. The following table summarizes information about the stock options outstanding at September 30, 2018:

Expiry Date	Exercise Price	Number Outstanding
March 8, 2022	\$ 0.15	860,000

As at September 30, 2018, the weighted average remaining contractual life of stock options outstanding was 3.44 years (December 31, 2017 – 4.19 years).

A summary of the changes in stock options for the nine months ended September 30, 2018 and year ended December 31, 2017 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2017	642,500	\$ 1.00
Granted	1,010,000	\$ 0.15
Expired	(642,500)	\$ 1.00
Balance, December 31, 2017	1,010,000	\$ 0.15
Expired	(150,000)	\$ 0.15
<b>Balance, September 30, 2018</b>	<b>860,000</b>	<b>\$ 0.15</b>
Balance vested, September 30, 2018	860,000	\$ 0.15

The fair value of stock options granted during the year ended December 31, 2017 was calculated using the Black-Scholes model with the following assumptions:

	December 31, 2017
Risk-free rate	1.20%
Expected dividend yield	0%
Expected option life (years)	5.00
Expected stock price volatility	195%
Fair value at grant date	\$ 0.12



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### **7. SHARE CAPITAL (CONTINUED)**

#### (d) Share purchase warrants

There are no share purchase warrants outstanding as at September 30, 2018 and December 31, 2017.

#### (e) Shareholder rights plan

The Company's board of directors adopted a Shareholder Rights Plan on September 23, 2013.

The Shareholder Rights Plan has been designed to protect shareholders from unfair, abusive or coercive take-over strategies including the acquisition of control of the Company by a bidder in a transaction or series of transactions that may not treat all shareholders fairly nor afford all shareholders an equal opportunity to share in the premium paid upon an acquisition of control. The Shareholder Rights Plan was adopted to provide the Board with sufficient time, in the event of a public take-over bid or tender offer for the common shares, to pursue alternatives which could enhance shareholder value.

This Shareholder Rights Plan has not been adopted in response to any proposal to acquire control of the Company.

The Rights will not, however, be triggered by a "Permitted Bid", which is defined as a bid which is outstanding for a minimum of 60 days made to all of the shareholders of the Company for all of their common shares and, subject to other specified conditions, is accepted by a majority of independent shareholders (as detailed in the Rights Plan).

### **8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities are comprised of:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Accounts payable	\$ 16,100	\$ 5,108
Accrued liabilities	32,425	51,230
	<b>\$ 48,525</b>	<b>\$ 56,338</b>

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### 9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties and on terms and conditions similar to non-related parties as follows:

Key management compensation:	Nine months ended September 30,	
	2018	2017
Directors' fees (included in office and administration)	\$ 13,500	\$ 12,000
Geological expenses	–	13,875
Shareholder communications	90,000	74,000
Share-based payments	–	147,660
Salaries	135,000	135,000
Total	\$ 238,500	\$ 382,535

Balances payable to related parties are included in accounts payable on the statement of financial position. These amounts are non-interest bearing and are due on demand.

Balances payable for:	September 30, 2018	December 31, 2017
Directors' fees	\$ 4,575	\$ 1,500
Salaries	–	–
Shareholder communications	–	–
General office and administration expense	–	1,305
	\$ 4,575	\$ 2,805

### 10. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at September 30, 2018, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2017, are shown in the table below:

	September 30, 2018		December 31, 2017	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Financial assets</b>				
Cash	\$ 253,271	\$ 253,271	\$ 254,183	\$ 254,183
Short term investments	400,667	400,667	346,167	346,167
Credit card deposit	17,250	17,250	17,250	17,250
Reclamation deposit	15,120	15,120	15,120	15,120
<b>Financial liabilities</b>				
Accounts payable	48,525	48,525	56,338	56,338
Accounts payable to related parties	4,575	4,575	2,805	2,805

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## 10. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- i) Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly, such as quoted prices for similar assets or liabilities in active markets, or indirectly, such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 - Applies to assets or liabilities for which there are unobservable market data.

The fair values of the Company's financial instruments measured at September 30, 2018, constitute Level 1 measurements for its cash, short-term investments, investments, credit card deposit and reclamation deposits within the fair value hierarchy.

The Company recognized interest income during the period ended September 30, 2018, totaling \$2,575 (September 30, 2017 - \$899). This is primarily interest income from the Company's short-term investments. The balance represents interest income from all sources.

### Credit risk

Substantially all of the Company's cash is held with major financial institutions in Canada, and management believe the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily its investment in marketable securities of publicly-traded companies and any receivables. The Company has increased its focus on credit risk given the impact of the current economic climate. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at September 30, 2017, is the carrying value of its financial assets.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 11, in normal circumstances. The Company's financial liabilities are comprised of its accounts payable and accounts payable to related parties, the contractual maturities of which at September 30, 2018 and December 31, 2017, are summarized as follows:

	September 30, 2018	December 31, 2017
Accounts payable with contractual maturities –		
Within 90 days or less	\$ 16,100	\$ 5,108
In later than 90 days, not later than one year	-	-
Accounts payable to related parties with contractual maturities –		
Within 90 days or less	4,575	2,805
In later than 90 days, not later than one year	-	-

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## **10. FINANCIAL INSTRUMENTS (CONTINUED)**

### Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable markets conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in markets prices, such that changes in market prices results in a proportionate change in the carrying value of the Company's investments.

The Company's ability to raise capital to fund exploration or evaluation activities is subject to risk associated with fluctuations in the market prices of gold, copper, zinc, lead, molybdenum and tungsten, and the outlook for these metals. The Company's ability to raise capital is affected by the prices of commodities that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for these metals have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

### Interest rate risk

At September 30, 2018, the Company has no significant exposure to interest rate risk through its financial instruments.

### Currency risk

Fluctuations in United States dollars would not significantly impact the operations and the values of its assets and shareholders' equity at this time. If the Company were to go into production, the Company would be subject to more foreign currency risk from fluctuations in the Canadian dollar relative to the United States dollar, due to metals prices and their denomination in United States dollars.

## **11. MANAGEMENT OF CAPITAL**

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests in British Columbia and Yukon and to maintain a flexible capital structure which will optimize the costs of capital.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities allowing the Company to withdraw funds at intervals needed for the expected timing of expenditures in its operations.

## **12. SUBSEQUENT EVENT**

Effective October 1, 2018, Margaux elected to terminate the Jersey Emerald Property Option Agreement (Note 4(b)).

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**1.1 Date**

The effective date of this Management's Discussion and Analysis ("MD&A") is November 29, 2018.

**1.2 Overview**

*The following MD&A is intended to assist the reader to assess material changes in financial condition and results of operations of Apex Resources Inc. ("Apex" or the "Company") as at September 30, 2018 and for the three months and nine months then ended in comparison to the same period in 2017.*

*This MD&A should be read in conjunction with the unaudited condensed interim financial statements and notes thereto as at and for the three and nine months ended September 30, 2018, and the audited financial statements and notes thereto as at and for the year ended December 31, 2017. Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").*

Apex Resources Inc. ("Apex" or the "Company") is a mineral exploration company. The Company has a portfolio of mineral exploration projects including the Golden Triangle Property (including Eldorado, Cloud and Wild Properties located in the Golden Triangle region north of Stewart, British Columbia, the Red Ridge Property and the Mount Anderson Property, both located in the Yukon Territory and the Jersey Emerald Tungsten Lead Zinc Property and the Kena Gold Copper Property, both located in southeastern British Columbia.

**Golden Triangle Properties (Eldorado, Cloud and Wild)**

Apex's Golden Triangle Properties, located north of Stewart, BC, include the eastern Eldorado Property, the central Cloud Property and the western Wild Property. The Eldorado Property consists of two mineral tenures totaling 1617.5 hectares, the Cloud Property consists of five mineral tenures totaling 3,630 hectares and the Wild Property consists of 7 mineral tenures totaling 4886.85 hectares. British Columbia's Golden Triangle is host to several high-grade past-producing mines including the Premier, Eskay Creek and Snip deposits. Pretium Resources Inc.'s Brucejack Deposit within their Valley of the Kings property commenced production in May 2017. Several other large new deposits are approaching potential development including Seabridge Gold Inc.'s KSM Project.

The Eldorado Property is located 10 kilometres northeast of the historic, 15.5 million tonne, Granduc copper, gold and silver mine. As well, historic work on the nearby Tennyson and Tennyson Porphyry Projects has returned significant results. On the Tennyson, a 1986 diamond drill hole returned 40.8 g/t gold and 282 g/t silver over 2.14 metres (Logan, J.M., 1986 EMPR Assessment Report #15789). On the Tennyson Porphyry, a 1988 drill hole returned 13.92 g/t gold over 3.1 metres and in 2011 a sixteen hole diamond drill program returned broad zones of copper-gold mineralization in all holes ranging from 0.21 to 0.44% copper and 0.12 to 0.32 g/t gold (EMPR Assessment Report #33028). Geology and mineralization on Apex's Eldorado Property appear similar to that of the Tennyson Project.

The Cloud Property is located 6 kilometres south of the Doc Property which has an historic (1987) resource of 426,337 tonnes grading 44.9 g/t silver and 9.2 g/t gold in quartz veins (Minfile 104B 014 and EMPR Assessment Report 26256). This resource figure is historic in nature and does not comply with current NI43-101 requirements.

The Wild Property is located 12 kilometres south of the Bronson Creek airstrip and the Snip Gold Mine with historic production of 32.093 million grams of gold, 12.183 million grams of silver. The Wild Property is largely underlain by granodioritic intrusive rocks which host sulphide-bearing

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quartz veins with grab sample assays up to 73.2 g/t silver, 4.1 g/t gold (Minfile 104B 307 and EMRP Assessment Report #9190). In 1983, a 0.5 metre wide quartz-carbonate vein containing pyrite, galena, chalcopyrite, sphalerite, argentite and tetrahedrite assayed 1.58 grams per tonne gold, 367.54 grams per tonne silver, 0.18 per cent copper, 8.70 per cent lead, 0.04 per cent zinc (Minfile 104B 308 and Assessment Report #11342). The Wild Claims also adjoin both the KSP property of Colorado Resources Ltd. and the optioned Snipgold property where drilling has recently intersected 25.7 m of 9.24 g/t Au (Colorado Resources Ltd. News Release, dated August 8, 2016).

On August 23, 2016, the Company entered into an agreement to option to purchase a 100% interest in the Eldorado, Cloud and Wild Properties (jointly known as the “Project”). Under the terms of the agreement, to exercise the Option and earn its 100% interest in the Project, the Company will:

	<b>CASH PAYMENTS</b>	<b>SHARES</b>	<b>WORK COMMITMENT</b>
Upon Signing (paid)	\$5,000	-	-
Upon Regulatory Approval (paid and issued)	\$35,000	300,000	-
<b>TOTAL</b>	<b>\$40,000</b>	<b>300,000</b>	<b>\$Nil</b>

The Company shall make the following net smelter return payment:

- (A) during the royalty period, the Company shall pay 2.0% NSR royalty

Apex may within 240 days of commercial production redeem and purchase the interest and rights to receive the NSR royalty for a one-time payment of \$1 million dollar for 1%, leaving 1% of the NSR royalty.

In March and April 2017, Apex carried out a helicopter-borne electromagnetic and magnetic geophysical survey of its Cloud and Eldorado Properties. The survey was carried out by Geotech Ltd. of Aurora, Ontario. The survey targeted strong high level magnetic anomalies shown by Government magnetic surveys to be located on the two properties. Results of the survey successfully outlined the targeted magnetic features and on the Cloud Property show a number of large low magnetic areas both within and adjacent to the targeted magnetic high anomaly. These large magnetic low areas will require ground follow-up as they may represent areas of alteration that accompanied the emplacement of porphyry style mineralization.

From August 31 to September 6, 2017 a prospecting, geochemical sampling and outcrop mapping program was carried out over the Wild Property. The survey was carried out by consulting geologist Perry Grunenberg, P.Geo. of Kamloops, BC. The program discovered several narrow quartz veins and float boulders with elevated gold concentrations. The highest gold value was 0.32 g/t and correlated with high silver and lead values up to 67.5 g/t Ag and 1.4% Pb. The geochemical signature of the samples suggests the property may have potential for intrusion related gold mineralization. Apex’s consulting geologist has recommended an airborne survey to help direct future exploration programs.

**Red Ridge Property, Whitehorse Mining District, Yukon**

The originally optioned Red Ridge Property, near Carcross, Yukon, consisted of 30 quartz claim units covering 530 hectares. The Property was expanded by staking additional claims in 2017, and now totals 72 claims covering approximately 1360 hectares. The Property contains a prominent gossanous ridge (Western Zone) and an area measuring 2.0 km in length and 500 metres in width where numerous

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mineralized showings have been discovered. Historic reports (Yukon Assessment Reports 094931 and 092736) state:

1. **The East Zone** consists of three subparallel altered zones. Within one zone a 10 - 40 centimetre wide quartz/barite vein containing massive tetrahedrite, azurite, and malachite assayed up to 25,191 g/t silver. Grab samples containing galena, assayed 5,598 g/t silver, 0.53 g/t gold, and 57.5 % lead.
2. **The Don Zone** consists of a one metre wide zone of sheared and altered granodiorite. Sampling returned 10.8 g/t gold and 1,519 g/t silver across 0.5 metres.
3. **The Saddle Zone** consists of several small outcrops and boulders of silicified granodiorite and quartz-galena found over a 20 x 50 metre area. Two grab samples from this zone assayed 11.35 g/t gold and 300.1 g/t silver, and 34.8 g/t gold and 342.1 g/t silver. Trenching and exploratory drilling show that the Saddle Zone consists of limonite-manganese-clay gouge within a 30 metre wide zone of alteration and shearing. The sulfide bearing quartz veins are surrounded by a quartz stockwork zone up to 1.5 metres in width. The quartz veins returned an average of 6.1 g/t gold and 423 g/t silver over 0.5 metres. Drilling of this zone returned assay values up to 28.9 g/t gold and 31.51 g/t silver over 0.4 metres. Precious metal values are not limited to samples with sulphides indicating the presence of free gold or electrum.
4. **The Miller Zone** consists of a 2 - 3 metre wide zone of shearing and alteration that contains galena/quartz pods throughout. In addition, 10 - 30 centimetre wide quartz veins containing galena and pyrite occur in both the footwall and hanging wall of the zone. Grab samples of quartz-galena assayed up to 883.24 g/t silver with negligible gold. The Miller Zone was intersected by 8 diamond drill holes with the best intersection being 3.11 g/t gold and 309.1 g/t silver over 0.76 metres.

On September 9, 2016, the Company entered into an option agreement (most recently amended September 13, 2018 with property vendors B. Scott and C. Bratvold), which gives Apex the right to earn a 100% undivided interest in the Red Ridge Property, Whitehorse Mining District, Yukon. Regulatory approval was received on September 14, 2016. Under the terms of the agreement, to exercise the option and earn its 100% interest, the Company will make payments of \$150,000 and issue 500,000 shares over five years as set out below:

	<b>CASH PAYMENTS</b>	<b>SHARES</b>	<b>WORK COMMITMENT</b>
Upon Signing (paid)	\$5,000	-	-
Upon Regulatory Approval (paid and issued)	\$5,000	50,000	-
At end of 12 months (paid and issued) (09/14/2017)	\$20,000	50,000	\$30,000 (completed)
At end of 24 months (deferred) amended Sept 13, 2018			(one year deferment granted)
At end of 36 months (09/14/2019)	\$30,000	100,000	\$75,000
At end of 48 months (09/14/2020)	\$40,000	100,000	\$125,000
At end of 60 months (09/14/2021)	\$50,000	200,000	\$200,000
<b>TOTAL</b>	<b>\$150,000</b>	<b>500,000</b>	<b>\$430,000</b>



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In addition, the Company shall make the following net smelter return (NSR) royalty payment:

The Company shall pay 2.0% NSR royalty from the production of gold, silver and other metals provided that the Company shall have the right to purchase 50% of the net smelter return of \$1,000,000 exercisable within 90 days after commencement of commercial production.

The Company conducted an initial exploration program on its Red Ridge Property in 2016. A total of 13 rock grab and chip samples were collected from a series of historic trenches in the Miller, East, Don, and Saddle Zones. Where possible, chip samples were collected across structural or mineralized trends. Highlights of the rock sampling program include 16,271 g/t silver and 5.24% copper from a grab sample in the East Zone and 23.4 g/t gold from a 20 cm chip sample in the Saddle Zone. Please see news release of October 12, 2016 for full results.

This initial 2016 exploration program at Red Ridge achieved its goal of confirming the presence of high grade gold and silver, along with base metal values as reported in historic records from the East, Don, Saddle and Miller showings.

In August 2017 the Red Ridge property was explored by a rock chip and soil geochemical sampling program completed by Aurora Geosciences Ltd. of Whitehorse, YT. The program successfully confirmed and expanded a number of the historic gold and silver showings.

The geochemical soil grid on the Red Ridge property now tests an area measuring 4.1 kilometres in length by 1.5 kilometres in width with a total of 1,525 soil samples. The soil results show a number of anomalous zones of elevated gold and silver values of 25 to 2,370 ppb gold and 1.0 to 36.0 ppm silver within the 6.0 square km soil grid. The largest and strongest areas of gold and silver soil enrichment are centred on the Saddle Zone and the Western Zone showings. The Saddle Zone anomaly is a 1.5 kilometres long north-south trending zone centred on the Saddle showing but also encompassing the Don and Vance Zones. This soil anomaly is up to 300 metres wide and extends to the north and south edges of the soil grid. The Western Zone soil anomaly is an irregular area of copper, molybdenum, gold and silver enrichment that exceeds 1.5 kilometres in diameter. This anomaly is centred on the Western Zone showing but extends east to encompass the Miller Zone.

Results of the rock chip sampling program confirmed the historical showings with assays to 22.3 g/t gold and 2,190 g/t silver and suggest there to be mineral zoning across the 4.1 kilometre long sample grid. The preliminary rock sample results show higher gold values in the Saddle, Vance and Don zones, while silver values are highest in the East and Vance zones and copper values are higher in the Western Zone.

Soil sample results suggest that the showings may be surrounded by extensive zones of gold and silver mineralization that was not previously recognized. In order to secure these extensions Apex expanded the property with the staking of an additional 1,100 hectares of mineral claims, nearly tripling the size of the original claim block to a total of 1,630 hectares.

The 2017 results, combined with historic rock and soil values, suggest the Saddle Zone is structurally controlled and is the largest gold and silver anomaly, rendering this a prime target for further exploration. Two kilometres west of the Saddle Zone soil geochemistry outlined a 1.5 km wide copper, molybdenum, gold and silver anomaly over a Prospector Mountain Suite intrusion. Aurora Geoscience notes that the giant, 964 million tonne, Casino porphyry deposit located 300 km to the north occurs in a similar geologic setting indicating that Red Ridge is prospective for similar mineralization.

On September 13, 2018, property vendors granted the Company a one year deferment on current and subsequent option cash and share payments as well as exploration expenditures. (Please see above table). The Company has encountered permitting issues on the property related to recreational use of the lands in

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the surrounding areas. While this issue is ongoing, the Company is applying to various agencies to resolve the issues as well as building stronger community ties in hopes of securing a favourable solution for all parties involved.

**Mount Anderson Property, Whitehorse Mining District, Yukon**

The Mount Anderson Property, located 55 kilometres south of Whitehorse, Yukon, is road accessible year round and consists of 163 quartz claims covering approximately 31 square kilometres. The claims lie along the Wheaton River Valley and are contiguous with New Pacific Metals Corp.'s Mount Skukum Property. In 1981, Agip Canada discovered a gold ore body at Mount Skukum, which subsequently produced 80,000 ounces of gold from 220,000 tons of ore between 1986 and 1988. Currently, New Pacific Metals Corp. has an indicated resource of 1,416,500 tonnes grading 8.59 g/t gold equivalent in the Skukum Creek and Goddell Gully deposits (New Pacific Metals website).

Sporadic exploration has been conducted on the previously fragmented Mount Anderson property dating back as far as 1906. Of significance, in 1947 United Keno Hill shipped a test sample to Trail from the property which returned 34.3 g/t Au, 432 g/t Ag, 11.6% Pb, 5.2% Zn. In 2011, previous property operator Gold World Resources Inc. collected composite samples from a portion of the original bulk sample remaining on site and confirmed the historic values with results of 30.5 g/t Au, 532 g/t Ag, 9.1% Pb, 6.5% Zn and 0.5% Cu. Sampling of the nearby trenches from which the sample was collected returned 29.0 g/t Au, 417.2 g/t Ag, 20% Pb and 6% Zn (Technical Report for Gold World Resources Inc. by H. Lahti, 2012).

Gold World also completed an MMI soil survey consisting of some 4,600 samples, covering approximately 60% of the claim block. Several strong soil anomalies were identified which require follow up ground prospecting, mapping, trenching and/or drilling. In 2012, Gold World was unable to maintain the option on the Mount Anderson Property and it reverted to the vendors.

On February 24, 2017, Apex entered into an option agreement which gives Apex the right to earn a 100% undivided interest in the Mount Anderson Property. Pursuant to the option agreement, Apex Minerals Ltd. can exercise the option by paying an aggregate of \$300,000 to the Optionors, issuing an aggregate of 1,000,000 common shares in the capital of the Company, and incurring an aggregate of \$385,000 of exploration expenditures as follows:

	<b>CASH PAYMENTS</b>	<b>SHARES</b>	<b>WORK COMMITMENT</b>
Upon Signing (paid)	\$10,000	-	-
Upon Regulatory Approval (paid and issued)	\$10,000	100,000	-
At end of 12 months (paid and issued)	\$20,000	200,000	\$35,000 (completed)
At end of 18 months (paid)	\$20,000	-	-
At end of 24 months	\$40,000	300,000	\$100,000
At end of 30 months	\$40,000	-	-
At end of 36 months	\$80,000	400,000	\$250,000
At end of 42 months	\$80,000	-	-
<b>TOTAL</b>	<b>\$300,000</b>	<b>1,000,000</b>	<b>\$385,000</b>

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The Optionors are entitled to receive a 2% NSR, half of which can be purchased within 90 days after Commencement of Commercial Production by the Company for \$1,000,000. The Optionors also retain a 5% gross over-riding royalty on any high-grade bulk samples processed prior to Commercial Production.

In August 2017 consulting geologist Perry Grunenbergh of Kamloops, BC was contracted to review all historic work on the property and to compile composite maps of historical geochemical and rock sample results from the property. In September 2017 a geological mapping and rock sampling program was carried out by Aurora Geosciences Ltd. of Whitehorse, YT. The program investigated, confirmed and expanded a number of historic gold and silver showings on the property. The following table shows the highlights of this rock sampling program:

<b>Showing Location</b>	<b>Sample #</b>	<b>Gold g/t</b>	<b>Silver g/t</b>	<b>Lead %</b>	<b>Zinc %</b>	<b>Copper %</b>
491575E 6674081N	611528	<b>1.2</b>	<b>138.0</b>	3.06	2.15	0.32
491445E 6674290N	611530	<b>0.2</b>	<b>106.0</b>	0.37	0.12	
491423E 6674290N	611531	<b>0.04</b>	<b>25.4</b>	1.04		
491322 E 6674286N	611801	<b>0.04</b>	<b>44.1</b>	0.88		
492018 E 6674123N	611803	<b>0.7</b>	<b>50.9</b>	0.04		
492020 E 6674036N	611851	<b>1.6</b>	<b>1,102.0</b>	10.54	0.95	0.97
492057 E 6674024N	611852	<b>4.1</b>	<b>795.0</b>	4.92	0.26	1.26
492065 E 6674026N	611853	<b>2.4</b>	<b>1,948.0</b>	14.27	0.39	1.64
491732 E 6674107N	611854	<b>1.8</b>	<b>4.1</b>	0.13		
491743 E 6674081N	611856	<b>0.2</b>	<b>128.0</b>	0.02		
491755E 6674054N	611857	<b>1.8</b>	<b>11.6</b>	0.01		
491823E 6674083N	611860	<b>11.2</b>	<b>45.8</b>	1.10	0.48	
491927E 6674043N	611862	<b>26.0</b>	<b>724.0</b>	16.39	0.31	1.04
491927E 6674066N	611864	<b>5.3</b>	<b>1,803.0</b>	14.27	0.32	10.99
491605E 6674046N	611896	<b>1.0</b>	<b>15.9</b>	0.10		
491597E 6674039N	611897	<b>6.4</b>	<b>31.0</b>	0.20	0.48	
491594E 6674042N	611898	<b>1.7</b>	<b>173.0</b>	3.63	2.82	0.22
491589E 6674017N	611899	<b>1.1</b>	<b>107.0</b>	6.20	0.81	
491525E 6674081N	611900	<b>1.1</b>	<b>24.8</b>	0.46	0.14	

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491570E 6674080N	950457	<b>22.5</b>	<b>925.0</b>	>10.0	15.92	0.73
491595E 6674090N	950458	<b>67.5</b>	<b>2,058.0</b>	>10.0	9.44	9.84
491335E 6674270N	950459	<b>1.4</b>	<b>100.0</b>	0.1	2.92	

The soil geochemical maps compiled by Grunenberg showed gold, silver and lead soil anomalies to extend well beyond the known showings. The results show that less than 20% of the principal gold-silver soil anomaly has been tested by the 2017 exploration program.

In February 2018 Apex consultant, Mr. Carl Schulze, P.Geo. of Aurora Geosciences Ltd., ("Aurora") completed a NI 43-101 Technical Report for Mt. Anderson. The report states that the property hosts numerous mineralized zones:

- the 47-Zone, consisting of vein-style high grade Au-Ag-Pb-Zn-Cu mineralization;
- the Adanac Zone, comprising polymetallic vein and skarn mineralization;
- the Ridge Zone, consisting of vein-style polymetallic precious and base metal mineralization, and
- the Rob and Fleming skarns, comprising Cu-Pb-Zn metasomatic mineralization.

The report recommends an aggressive two phase exploration program. A \$242,000 Phase 1 target definition program will involve detailed geological mapping and sampling, induced polarization surveying, a surface magnetometer survey and mechanized trenching in order to define targets for drilling. Phase Two will consist of a 1,400 metre diamond drilling program with an estimated budget of \$497,000.

**Jersey Emerald Property, BC**

The 14,000 hectare Jersey Emerald Property is the largest mineral property in the famous Kootenay Arc silver-lead-zinc-tungsten belt. Located near the town of Salmo, British Columbia, the property is host to 5 historic mines including BC's second largest zinc mine (the Jersey Mine) and Canada's second largest tungsten mine (the Emerald Tungsten Mine). The property has a current measured and indicated NI43-101 resource of 2.72 million tonnes averaging 0.358% WO<sub>3</sub> and an additional inferred resource of 2.32 million tonnes averaging 0.341% WO<sub>3</sub> using a 0.15% cutoff. The property includes the Victory Tungsten Deposit which has a historical resource of 84,000 tons of 0.54% WO<sub>3</sub>.

The historic Jersey Mine was British Columbia's second largest lead-zinc mine. A Resource Estimate completed in 2010 (please see March 1, 2010 News Release) shows an indicated resource of 5,320,000 tons averaging 1.04% lead and 2.60% zinc and an inferred resource of 16,930,000 tons averaging 1.00% lead and 2.18% zinc using a cut-off grade of 1.5% combined lead-zinc. Within this large low-grade resource there is higher grade mineralization with an indicated resource of 1,900,000 tons averaging 1.96% lead and 4.10% zinc using a cut-off grade of 3.5% combined lead-zinc. There is an additional inferred resource of 4,980,000 tons averaging 1.95% lead and 3.37% zinc at the same 3.5% combined cut-off grade. The property has excellent infrastructure including \$150 million in underground development, road access, power, water and a nearby skilled workforce. The Trail lead-zinc smelter is located 40 highway kilometres from the property.

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During 2013, the Company entered into an option to purchase agreement (most recently amended February 13, 2018 with Margaux Resources Ltd. (“Margaux”) to sell its 100% interest in the Jersey and Emerald Properties to Margaux for total proceeds of \$4,020,000 over the next seven years.

Under the terms of the Option Agreement as amended on February 13, 2018, Margaux will have the exclusive option to acquire the Property by:

- making the following cash payments to the Company:
  - (A) deposit of \$50,000 (received);
  - (B) on or before January 24, 2014, \$100,000 (received);
  - (C) on or before January 24, 2014, \$350,000 (received);
  - (D) on or before November 8, 2014, \$400,000 (received);
  - (E) on or before February 22, 2016, \$10,000 (received);
  - (F) \$15,000 per month commencing April 1, 2016 for a period of 12 months (received);
  - (G) \$50,000 per month commencing April 1, 2017 for a period of 21 months (\$900,000 received). Provided that Margaux is successful in raising an additional \$1,500,00 in cash, Margaux will pay \$75,000 per month until December 31, 2018; and
  - (H) \$100,000 per month commencing January 1, 2019 until a total of \$4,020,000 has been paid.
  
- incurring aggregate exploration expenditures on or before November 8, 2016 of \$2,000,000 (completed).

Apex will retain a 1.5% net smelter returns royalty (“NSR”) on the Property. For a period of 60 days following the earlier of (a) the commencement of commercial production on the Property or (b) the completion of a feasibility study on the Property, Margaux may purchase 50% of the NSR (being a 0.75% net smelter returns royalty) from Apex for a payment to Apex of \$5.0 million. Pursuant to the Option Agreement, Margaux will assume all existing royalties on the Property.

Effective October 1, 2018, Margaux elected to terminate the Jersey Emerald Property Option Agreement.

**Kena and Daylight Gold Copper Properties (“Kena”)**

Apex’s 8,173 hectare Kena Gold-Copper Project located near the community of Ymir in southeastern British Columbia encompasses two areas of porphyry-style gold mineralization, the Gold Mountain and Kena Gold Zones, situated within an 8.0 kilometre long gold geochemical anomaly. Apex tested the two zones with 12,000 metres of diamond drilling in 80 drill holes and a preliminary NI 43-101 resource estimate was prepared by Giroux Consultants Ltd. in June 2004. The report shows a measured and indicated resource of 11,820,000 tonnes containing 381,000 ounces of gold at an average grade of 1.0 g/t using a 0.5 g/t cut-off grade for gold. There is additional inferred resource of 12,150,000 tonnes containing 389,000 ounces of gold at the same cut-off grade (June 7, 2004, News Release). The report suggests that the resource can be expanded with additional diamond drilling.

In April 2013, an updated NI43-101 resource estimate for the Kena property was prepared by Gary Giroux, P.Eng, MASc. and Perry Grunenberg, P.Geo. The updated resource estimate shows a measured plus indicated resource of 25.28 million tonnes containing 490,000 ounces gold averaging 0.60 g/t gold and an additional inferred resource of 90.44 million tonnes containing 1,399,000 ounces gold averaging 0.48 g/t gold, using a 0.30 g/t gold cutoff. The mineralization remains open along strike and at depth. (Apr 11, 2013 News Release).

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During September 2016, the Company entered into an agreement with 1994854 Alberta Ltd. to option out 80% interest in Kena Property owned by Apex. The Kena Option Out agreement (the “Option Out”) was approved by the TSXV on October 3, 2016 (the “Effective Date”). In April 2017, 1994854 Alberta Ltd. merged with Prize Mining Corporation (“Prize”), a publicly-traded company listed on the TSX-V and all references are now made to Prize as the optionee. A gain was recorded in financial statements for the year ended December 31, 2017 from Option Out proceeds as summarized below.

Kena accumulated acquisition, exploration and evaluation costs as of December 31, 2014	\$	2,789,077
Less: impairment recorded in fiscal 2015		(2,748,819)
Book value of Kena prior to Option Out		40,258
Less: 80% book value Option Out		(32,207)
<b>Book value of Kena, December 31, 2016</b>	<b>\$</b>	<b>8,051</b>
Cash proceeds received on Option Out	\$	500,000
Value of shares received on Option Out		1
Total proceeds		500,001
Less: 80% book value Option Out		(32,207)
<b>Gain on sale recorded in fiscal 2016 on Kena Option Out</b>	<b>\$</b>	<b>467,794</b>
Cash proceeds received on Option Out	\$	250,000
Value of shares received on Option Out		108,750
<b>Gain in fiscal 2017 on Kena Option Out</b>	<b>\$</b>	<b>358,750</b>
Cash proceeds received on Option Out	\$	250,000
Value of shares received on Option Out		60,000
<b>Gain in fiscal 2018 on Kena Option Out</b>	<b>\$</b>	<b>310,000</b>

Under the terms of the Option Out agreement, to exercise the option and earn its 80% interest in the project, Prize will:

- make the following cash payments to the Company:
  - (A) within 5 business days from the Effective Date, \$500,000 (received);
  - (B) within twelve months from the Effective Date, an additional \$250,000 (received);
  - (C) within twenty-four months from the Effective Date, an additional \$250,000 (received); and
  - (D) within thirty-six months from the Effective Date, an additional \$250,000;

for total cash option payments of \$1,250,000; and

- issue common shares of Prize to the Company as follows:
  - (A) within 5 business days from the Effective Date, 375,000 shares (received);
  - (B) within twelve months from the Effective Date, an additional 375,000 shares (received);
  - (C) within twenty-four months from the Effective Date, an additional 375,000 shares (received); and
  - (D) within thirty-six months from the Effective Date, an additional 375,000 shares;

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for a total of 1,500,000 shares;

- incur exploration expense as follows:
  - (A) within twelve months from the Effective Date, \$100,000 (completed);
  - (B) within twenty-four months from the Effective Date, an additional \$400,000 (completed);
  - (C) within thirty-six months from the Effective Date, an additional \$1,000,000; and
  - (D) within forty-eight months from the Effective Date, an additional \$1,500,000;

for total exploration expenditures of \$3,000,000.

After Prize has earned its 80% interest in the project, Prize has a second option to earn and acquire up to an additional 20% undivided interest in the project by making a \$2 million cash payment to Apex and granting a 1% net smelter returns royalty to the Company.

In 2017 following a program of compilation and verification of historical data, Prize focused exploration activities on the Daylight area. A Phase-I field program entailed a 1,592 sample soil and rock geochemical program, high-resolution ground based magnetic & VLF-EM geophysical surveys, detailed prospecting, geological mapping and structural analysis. The Phase 1 program successfully generated 11 highly prospective target areas.

The Phase 1 targets were followed up with a Phase 2 program of target definition that included 1,500 metres of trenching.

In October 2017 Prize undertook a Phase 3 drilling program that entailed testing 11 targets with 2,695 metres of diamond drilling in 18 holes. The drill program successfully demonstrated the presence of two styles of mineralization: broad zones of low grade gold mineralization and narrow but high grade gold veins. Examples of high grade targets included: 63.7 g/t gold over 0.9 metres in Hole 5, 20.9 g/t gold over 0.5 metres in Hole 5, 11.6 g/t gold over 0.79 metres in Hole 5 and 21.2 g/t gold over 0.48 metre in Hole 7. Low Grade mineralization included: 1.16 g/t gold over 32.6 metres in Hole 5 and 1.09 g/t gold over 71.22 metres in Hole 7.

In October 2017 Prize contracted Masse Environmental Consultants Ltd. of Nelson, BC to initiate a baseline environmental water quality sampling program in anticipation of bulk sampling activities planned for the Daylight and Kena properties in subsequent years.

### **1.2.1 Corporate Results – Three Months Ended September 30, 2018**

The following is a summary of Apex's financial results:

- Apex's gain for the three months ended September 30, 2018 ("Q3 2018") was \$144,769 or \$0.01 per share compared to a loss of \$239,551 or \$0.02 per share for the three months ended September 30, 2017 ("Q3 2017").
- During the nine months ended September 30, 2018, cash used for operations was \$338,283 compared to \$271,397 for the same period in 2017.
- Expenditures on mineral property exploration totaled \$165,917 (\$162,629 capitalized and \$3,288 expensed) in the nine months ended September 30, 2018 compared to \$183,702 in the nine months ended September 30, 2017. Total expenditures incurred on the Company's mineral properties in the nine months ended September 30, 2018, with the nine months ended September

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30, 2017 amounts in brackets are: Kena - \$nil (\$121), Jersey Emerald properties – \$3,288, expensed, (\$nil), Golden Triangle Properties - \$1,222 (\$91,017), the Red Ridge property - \$9,564 (\$64,332) and the Mount Anderson property - \$151,843 (\$28,232). There were no mineral property write-downs in either fiscal period.

Acquisition option costs on mineral properties totaled \$60,000 in the nine months ended September 30 2018 compared to \$62,114 in the nine months ended September 30, 2017. Total acquisition option costs incurred on the Company’s mineral properties in the nine months ended September 30, 2018, with the nine months ended September 30, 2017 amounts in brackets are: Golden Triangle properties - \$nil (\$4,414); Red Ridge property - \$nil (\$24,500); and the Mount Anderson property - \$60,000 (\$33,200).

**1.2.2 Mineral Property Option Payments Due In Fiscal 2018**

The Company will have to make annual cash payments in the year ending December 31, 2018, of \$53,000, with respect to its mineral property interests on the Jersey Emerald. Pursuant to the Option Agreement with Margaux Resources dated November 8, 2013, Margaux will assume the cash payments associated with the Jersey Emerald Property. In addition, the Company has made cash payment of \$40,000 and issued 200,000 shares with respect to its mineral property interests on the Mount Anderson Property. The Company was granted a one year deferment on the cash payments and share issuance of \$30,000 and 100,000 shares with respects to its mineral property interests on the Red Ridge Property in 2018 (now due in 2019). (Please see above 1.2 Overview – Red Ridge Property).

**1.3 Results of Operations**

	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Expenses</b>		
Exploration Expenses	3,288	
Filing and listing	\$ --	\$ --
Insurance	950	950
Interest	139	136
Legal, accounting and audit	3,224	6,565
Meals and entertainment	3,198	nil
Office and administration	8,510	7,667
Salaries and benefits	45,000	45,000
Shareholder communications	30,465	37,091
Travel and conference	--	11
	<u>94,774</u>	<u>97,420</u>
Loss before other items	(94,774)	(97,420)
Interest income	1,043	286
Mineral property option income	310,000	--
Unrealized gain or (loss) on investments	(71,500)	(142,417)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 144,769</b>	<b>\$ (239,551)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>14,177,214</b>	<b>13,935,910</b>



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**Revenue**

Apex has no source of revenue. Interest earned on excess cash is incidental income. Net interest increased from \$286 from Q3 2017 to \$1,043 in Q3 2018.

**Expenses**

Legal, accounting and audit decreased from \$6,565 in Q3 2017 to \$3,224 in Q3 2018. Legal fees are ongoing and will vary depending on the activity during the period.

Office and administration costs, which include directors' fees, increased from \$7,667 in Q3 2017 to \$8,510 in Q3 2018.

Salaries and benefits remained unchanged at \$45,000 in Q3 2018 compared to \$45,000 in Q3 2017.

Shareholder communications consist of web site maintenance and development, transfer agent fees, and fees for the services of the Company's Chief Financial Officer. These costs decreased from \$37,091 in Q3 2017 to \$30,465 in Q3 2018. Consulting fees for Horng Kher Lee, CFO were \$10,000 monthly in Q3 2018.

The unrealized loss of \$71,500 in Q3, 2018 was largely due to a drop in share price of Prize Mining Corp, of which Apex holds 1,125,000 shares as of September 30, 2018.

**1.4 Summary of Quarterly Results**

The table below provides, for each of the most recent eight quarters, a summary of acquisition and exploration costs on a project-by-project basis and of corporate expenses, net of interest income, mineral property write-downs and exploration costs.

	<b>Kena property BC</b>	<b>Jersey Emerald, BC</b>	<b>Golden Triangle, BC</b>	<b>Red Ridge, Yukon</b>	<b>Mt. Anderson, Yukon</b>	<b>General and administrative expenses (Note 1)</b>	<b>Loss (gain) per quarter</b>	<b>Loss (gain) per share</b>
<b>2016</b>								
Q4	--	--	--	300	--	106,514	(373,732)	(\$0.03)
<b>2017</b>								
Q1	--	(45,000)	62,557	2,825	33,200	248,454	248,100	\$0.02
Q2	122	(150,000)	16,854	2,665	1,705	95,152	(159,273)	(\$0.01)
Q3	--	(150,000)	16,021	58,842	26,527	97,420	239,551	\$0.02
Q4	--	(150,000)	3,490	36,417	4,064	125,207	(256,984)	(\$0.02)
<b>2018</b>								
Q1	--	(150,000)	560	--	61,310	102,975	140,757	\$0.01
Q2	--	(150,000)	--	3,697	7,690	133,309	187,995	\$0.01
Q3	--	(150,000)	662	5,867	142,843	91,486	(144,769)	(\$0.01)

Note 1: General and administrative expenses do not include the write-down of mineral property interests, investments, exploration costs, interest and other miscellaneous income or income tax recovery, but includes stock-based compensation.

**1.5 Liquidity**

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued

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common shares in each of the past few years, pursuant to private placement financings and the exercise of warrants and options.

At September 30, 2018, Apex's working capital, defined as current assets less current liabilities, was \$619,012, which increased from \$555,624 at December 31, 2017. The Company's cash in excess of current expenditures is held in Guaranteed Investment Certificates.

At September 30, 2018, Apex had capitalized \$2,641,787 representing costs associated with the acquisition and exploration of its mineral property interests in British Columbia and Yukon.

## **1.6 Capital Resources**

The Company will require external funding to meet future obligations and to finance further exploration and development work on its mineral properties. As the Company does not have any sources of revenue other than interest on cash and short-term investments and must therefore rely on external funding, there is risk as to the Company's ability to continue as a going concern. Although the Company has been successful in raising funds in the past, there can be no assurance that additional funding will be available in the future, or if available, that this funding would be on terms acceptable to the Company. The statements of financial positions of the Company at September 30, 2018 and December 31, 2017 do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing.

### **Management of capital**

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests in British Columbia and Yukon and to maintain a flexible capital structure that will optimize the costs of capital.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current global economic uncertainty and market volatility. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk. The Company must rely on equity financings, or forms of joint venture or other types of financing to continue exploration and development work and to meet its administrative overhead costs in future years. The Company's near-term goal is to preserve its cash balances to the greatest extent possible by reducing general and administrative expenses where possible.

The Company's investment policy is to invest its cash in highly liquid, fully guaranteed bank-sponsored short-term interest-bearing investments with maturities allowing the Company to withdraw funds at intervals needed for the expected timing of expenditures in its operations.

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**1.7 Transactions with Related Parties**

Services rendered and reimbursement of expenses:	Nine months ended September 30,	
	2018	2017
Directors' fees (a)	\$ 13,500	\$ 12,000
Geological expenses	--	13,875
Share based payments	--	147,660
Shareholder communications (a)	90,000	74,000
Salaries (a)	135,000	135,000
<b>Total</b>	<b>\$ 238,500</b>	<b>\$ 382,535</b>

(a) These represent key management personnel compensation.

Balances payable to related parties are included in accounts payable on the statement of financial position. These amounts are non-interest bearing and are due on demand.

Balances payable for:	September 30, 2018	December 31, 2017
Directors' fees	\$ 4,575	\$ 1,500
Salaries	--	--
Shareholder communications	--	--
General office and administration expense	--	1,305
	<b>\$ 4,575</b>	<b>\$ 2,805</b>

**1.8 Proposed Transactions and Off Balance Sheet Arrangements**

There is no proposed asset or business acquisition or disposition before the board of directors for consideration, other than those in the ordinary course of business or as described in items 1.6 or 1.7 above. There were no off balance sheet arrangements.

**1.9 Critical Accounting Estimates**

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the years reported. Significant areas requiring the use of management estimates include the determination of impairment of exploration and evaluation assets, decommissioning liabilities, deferred income tax assets and liabilities, and assumptions used in valuing options and warrants in share-based compensation calculations. Actual results could differ from these estimates.

**1.10 Critical accounting policies and changes in accounting policies**

**New Accounting Standards Adopted Effective January 1, 2018**

- *IFRS 9 Financial Instruments*: The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”)

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which is intended to reduce the complexity in the classification and measurement of financial instruments. The Company has assessed the classification and measurement of its financial assets and financial liabilities in accordance with the new measurement categories under IFRS 9. Classification and measurement of the Company's assets and liabilities remained the same.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The Company designated its short-term investments as financial assets at fair value through profit or loss ("FVTPL"). The Company previously measured its short-term investments at FVTPL, therefore there was no impact on adoption of IFRS 9. These investments continue to be initially recorded at fair value, with subsequent changes being recognized in profit or loss.

- *FRS 7 Financial Instruments* – Disclosure IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. Adoption of this standard did not have a significant impact on the Company's financial statements.
- *IFRS 15 Revenue from Contracts with Customers*: IFRS 15 provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more informative and relevant information. Adoption of this standard did not have a significant impact on the Company's financial statements.
- *Other narrow scope amendments/interpretations*: The Company has adopted narrow scope amendments/interpretations to IFRIC 22 *Foreign Currency Transactions and Advance Consideration*, IFRS 2 *Share Based Payments* and IAS 1 *Presentation of Financial Statements*, which did not have an impact on the Company's condensed interim financial statements.

**The Company has not early adopted the following standard and anticipates that the application of this standard will not have a material impact on the financial position and financial performance of the Company.**

- *IFRS 16 Leases*: IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

#### **1.11 Financial instruments and other instruments**

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

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As at September 30, 2018, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2017, are shown in the table below:

	September 30, 2018		December 31, 2017	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Financial assets</b>				
Cash	\$253,271	\$ 253,271	\$254,183	\$254,183
Short-term investments	400,667	400,667	346,167	346,167
Credit card deposit	17,250	17,250	17,250	17,250
Reclamation deposit	15,120	15,120	15,120	15,120
<b>Financial liabilities</b>				
Accounts payable	48,525	48,525	56,338	56,338
Accounts payable to related parties	4,575	4,575	2,805	2,805

The fair values of the Company's financial instruments measured at September 30, 2018, constitute Level 1 measurements for its cash, short-term investments and investments within the fair value hierarchy.

The Company recognized interest income during the six months ended September 30, 2018, totalling \$2,575. This is primarily interest income from the Company's short-term investments. This balance represents interest income from all sources.

#### Credit risk

Substantially all of the Company's cash is held with major financial institutions in Canada, and management believe the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily its investment in marketable securities of publicly-traded companies and any receivables. The Company has increased its focus on credit risk given the impact of the current economic climate. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at September 30, 2018, is the carrying value of its financial assets.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests.

#### Market risks

The significant market risks to which the Company is exposed include commodity price risk, interest rate risk and foreign exchange risk.

- Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of gold, silver, copper, zinc and lead, and the outlook for these metals. The Company's ability to raise capital is affected by the prices of commodities that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for these metals have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-

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term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

- Interest rate risk

The Company has no significant exposure at September 30, 2018, to interest rate risk through its financial instruments.

- Currency risk

Fluctuations in United States dollars would not significantly impact the operations and the values of its assets and shareholders' equity at this time. If the Company were to go into production, the Company would be subject to more foreign currency risk from fluctuations in the Canadian dollar relative to the United States dollar, due to metals prices and their denomination in United States dollars.

**1.12.1 Additional Disclosure for Venture Issuers without Significant Revenue**

- (a) capitalized or expensed exploration and development costs

The required disclosure is presented in the schedule of mineral property interests attached to the unaudited financial statements for the three months ended September 30, 2018 and twelve months ended December 31, 2017.

- (b) expensed research and development costs – not applicable

- (c) deferred development costs – not applicable

- (d) general administrative expenses

The required disclosure is presented in the Statements of Operations and Deficit.

- (e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d)

None.

**1.12.2 Disclosure of Outstanding Share Data**

The following details the share capital structure as of November 29, 2018, the date of this MD&A, subject to minor accounting adjustments:

Authorized Capital

Unlimited number of common shares without par value and unlimited number of preference shares without par value.

Issued and Outstanding Capital

14,177,214 common shares are issued and outstanding

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Stock Options Outstanding

The Company has a stock option plan which allows for the grant of options to purchase up to 2,039,017 common shares. The following table summarizes information about the stock options outstanding at September 30, 2018:

Expiry Date	Exercise Price	Number Outstanding at September 30, 2018	Number Outstanding at December 31, 2017
March 8, 2022	\$ 0.15	860,000	1,010,000

As at September 30, 2018, the weighted average remaining contractual life of stock options outstanding was 3.44 years (December 31, 2017 – 4.19 years).

A summary of the changes in stock options for the nine months ended September 30, 2018 and year ended December 31, 2017 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2017	642,500	\$1.00
Granted	1,010,000	\$0.15
Expired	(642,500)	\$1.00
Balance, December 31, 2017	1,010,000	\$ 0.15
Cancelled/ Expired	(150,000)	\$0.15
Balance vested June 30, 2018	860,000	\$0.15

The fair value of stock options granted during the period ended December 31, 2017 was calculated using the Black-Scholes model with the following assumptions:

	December 31, 2017
Risk-free rate	1.20%
Expected dividend yield	0%
Expected option life (years)	5.00
Expected stock price volatility	195%
Exercise price	\$ 0.15

Warrants Outstanding

There are currently no warrants outstanding.

**Other Information**

**Controls and Procedures**

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

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- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Approval**

The Board of Directors of Apex Resources Inc. has approved the disclosure contained in this Interim MD&A. A copy of this Interim MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Subsequent Event**

Effective October 1, 2018, Margaux elected to terminate the Jersey Emerald Property Option Agreement. (Overview 1.2 – Jersey Emerald Property)

### **Caution on Forward-Looking Information**

This Interim MD&A contains "forward-looking statements". These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing of activities and the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, requirements for additional capital and sources and uses of funds. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of exploration activities; actual results of remediation and reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other commodities; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration and development activities.